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SIPDIS

STATE FOR WHA/CEN, EB/IFD/OIA, WHA/EPSC L/LEI/EDAUGHTRY  
TREASURY FOR INL/MDONOVAN, GCHRISTOPOLUS, OWH/ASHWARZMAN

SENSITIVE  
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SUBJECT: NICARAGUA: 2007 EXPROPRIATION REPORT

REF: STATE 055422

¶1. (U) This cable provides proposed language for the Nicaragua chapter of the 2007 Report on Investment Disputes and Expropriation Claims. Embassy will e-mail comprehensive annex with details of confiscated property claims by June 15 per reftel request.

#### Property Confiscation Claims

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¶2. (U) Property claim resolutions in Nicaragua continue to consume the time and energy of former owners and government officials. Since 1990, thousands of Nicaraguans and other nationals registered more than 28,000 claims with the Nicaraguan government for homes, farms, bank accounts, and other assets expropriated during the 1979-1990 Sandinista era. Although most were Nicaraguans at the time of expropriation, many were or subsequently became U.S. citizens.

¶3. (U) Between January 1995 and June 1, 2007, a total of 1,137 U.S. citizens registered 3,193 property claims with the Embassy. Of these, 2,509 claims have been resolved, primarily through compensation in the form of long-term, low-interest, government-issued bonds. The estimated face value of these bonds is US\$319,700,000. In isolated cases, claims have been resolved through the return of property, cash compensation or, in one instance, a landswap. Most claimants (i.e., 870 of the 1137) who have registered their claims with the Embassy were not U.S. citizens at the time of expropriation. Another 2020 U.S. citizen claims not registered at Embassy/Managua have been resolved by government authorities without Embassy assistance.

¶4. (U) As of June 1, 2007, 298 U.S. citizens await resolution of 684 Embassy-registered active claims. Sixty-four claimants, accounting for 117 of these outstanding claims, were U.S. citizens at the time of confiscation. Embassy/Managua employs an American officer and two Nicaraguan attorneys to assist U.S. citizen claimants.

¶5. (SBU) Between August 1, 2006 and January 9, 2007, the government resolved 29 U.S. citizen claims registered with the Embassy. Between January 10, 2007 and June 1, 2007, the Sandinista administration did not resolve any U.S. citizen claims registered with the Embassy, a period of inactivity which is unprecedented. In a series of approaches, post has insisted on the need for the government to resume progress.

¶6. (SBU) On June 13, 2007, Nicaraguan Attorney General Hernan Estrada convoked a meeting attended by Ambassador Trivelli, Embassy property staff, and Nicaraguan property officials. Estrada stated that the Sandinista government would demonstrate goodwill through achieving prompt resolution of up to 56 additional U.S. citizen claims. The Ambassador requested final proof of resolution because, as of June 13, the Embassy had been made aware of only a handful of

settlements in progress. Comment: It seems as if the Sandinista government is counting claims as having been settled once some interagency agreement has been reached to make an offer. End Comment. As the Ambassador exited, Estrada invited the media into the room to expound on his efforts toward ending the longstanding property conundrum with the United States.

17. (U) The Embassy will continue to press for swift and suitable resolution of outstanding U.S. citizen property claims in accordance with Section 584(c)(i) of H.R. 4818, the Consolidated Appropriations Act, 2005. Section 584 specifically precludes adding claims registered after August 1, 2005 for inclusion in waiver determinations based on Section 527 of the Foreign Relations Authorization Act of FY 1994/1995. The Embassy also assists U.S. citizens seeking restitution for other claims.

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